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87-4026

16 SEP 1987

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## MEMORANDUM FOR THE RECORD

SUBJECT: 27 August 1987 Meeting at the National Security Agency to Discuss  
CIA's Draft Human Resource and Compensation Proposal

AttendeesCIA

STAT Hugh E. Price, Director of Personnel

STAT                      Deputy Director of Personnel for Compensation, Automation,  
and Planning

STAT                      Chief, Planning and Component Support Division, CAP/OP  
Chief, Compensation Policy Branch, CD/CAP/OP

NSA

STAT                      Director of Civilian Personnel

STAT                      Chief, Policy, Programs, Wage and Salary Administration  
Deputy Chief, Policy, Programs, Wage and Salary

STAT                      Administration

                    , Chief, Compensation

1. The purpose of this meeting was to exchange views with the National Security Agency on our human resource report. We were informed that the report had been distributed to all of the branch chiefs within the National Security Agency's Office of Civilian Personnel and, that detailed charts had been prepared comparing the Government-wide General Schedule System and the National Security Agency system with the current and proposed CIA systems (attached).

STAT 2. Messrs.                      were highly complimentary about the CIA Task Force effort. They termed it a very professional job and said that they particularly liked the way it had been organized in three sections, each with a greater level of detail. They appeared to be comfortable with many of our proposals. Indeed, they stated that they already had implemented, in one way or another, 22 1/2 of the 33 features or subfeatures in our draft or about 65 percent. For example:

- ° They were in favor of greater flexibility in position classification and they did not use the Office of Personnel Management's Factor Evaluation System of position classification (which CIA uses, albeit in modified form). Instead, they use a point rating system to develop their own job standards. They compared their results with ours and, for the most part, there was not a significant difference. But the key point was that they had developed a long history of using

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their own system of position classification not the one used by the rest of the government.

- ° They already do market-pricing to some extent. They conduct market surveys of various occupations as required and have instituted some 32 different pay scales, some indexed to the market rate of the local area, and most of them without CIA or Office of Personnel Management counterparts. Five additional special pay scales are currently under review.
- ° They already have put all of their occupations into four levels. GS grades one through four form the introductory level I; GS grades five through 12 form the technical - preprofessional and junior professional level II; GS grade 13 through 15 form the full professional - middle management level III; and, the senior technical and senior executive constitute level IV.
- ° They already have a dual track system for career development leading to senior technical expert and senior manager status in their equivalent of our Senior Intelligence Service.
- ° Finally, they said that they have authority to operate using budgetary limits free from position ceiling and promotion headroom constraints.

STAT 3. Given the existing features in their system, [ ] said that the National Security Agency could easily establish a pay banding system with broader pay ranges similar to those in the CIA draft, revise their position standards to describe bands rather than GS grades, and redesign their performance appraisal system to incorporate the features which are necessary for a pay for performance system. Indeed, they opined that the proliferation of special pay scales was cumbersome and said they saw banding and a more integrated approach to pay, along the lines we proposed, as a logical and appropriate next step.


4. With respect to incentive pay they noted that while the National Security Agency had not adopted the Office of Personnel Management's Performance Management and Recognition System (Merit Pay), it had its own very aggressive awards system with one percent of the salary budget authorized for cash awards--and this did not include Quality Step Increases, promotions or performance awards under their equivalent of the Senior Executive Service. (By contrast CIA only spent two-tenths of a percent of payroll in Fiscal Year 1987).

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5. The National Security Agency representatives said they had found the CIA's flexible benefits proposal and the annual leave features to be of particular interest. In this regard, they noted a concern about rising health benefit costs, cited emerging problems in the National Security Agency's own health insurance plan and expressed interest in comparing notes with us on possible ways to ease the problem.

6. At the conclusion of the meeting, we promised to continue our staff level consultations and keep each other informed about new personnel initiatives which each Agency was planning.

  
Deputy Director of Personnel for  
Compensation, Automation, and Planning

Attachments:  
As stated

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